

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Institutional Agreements, Leases and Easements  
**Date:** May 7, 2001

**Recommended Action:**

Approve the leases and easements for the benefit of the institutions as summarized below. **(ROLL CALL VOTE)**

**Executive Summary:**

The Iowa Code requires that agreements, leases and easements involving real property be approved by the Board of Regents by roll call vote. With the exception of the Lakeside Laboratory conservation easement, the leases and easements presented this month have been reviewed by the Attorney General's Office and are recommended for approval. A report on the Attorney General's Office review of the Lakeside Laboratory easement will be made at the May Board meeting. A listing of principals is included as Attachment A to this docket memorandum.

The University of Iowa requests approval of the following:

- Lease agreements with The Human Capital Company and Entrepreneurial Learning Systems for their use of business incubator space at the Oakdale Research Park;
- Lease amendment with Methodist Medical Plaza II Limited Partnership for the University's continued use of space at the Iowa Methodist Medical Center, Des Moines, for the Women's Health Initiative Research Study of the College of Public Health; and
- Tenant property rental rates for FY 2002 for the University's residences, and pre-school and daycare centers, reflecting proposed rate increases ranging from 2.7 percent to 5.9 percent.

Iowa State University requests approval of the following:

- Lease renewal with Loran Simpson for the University's use of storage and warehouse space in Ames;
- Lease renewal with H. L. Munn Company for the Department of Residence's use of storage space in Ames; and
- Lease agreement with Carroll Broadcasting Company for the University's use of tower space located near Carroll, Iowa, for construction of a repeater station for the transmission of WOI Radio to the west central area of the state.

Approval is requested of a conservation easement with the Soil and Water Conservation District of Dickinson County, Iowa, for the restoration of approximately 27 acres of farm land to prairie at the Iowa Lakeside Laboratory.

The University of Northern Iowa requests approval of the following:

- Lease agreement and FY 2002 rental rate for a faculty and staff housing unit located at 2115 Merner Avenue, Cedar Falls;
- FY 2002 rental rate increase of 6.1 percent for faculty and staff housing units located at 3214 Hudson Road and 8712 University Avenue in Cedar Falls;
- FY 2002 rental rate increase of 5.7 percent for the houses leased to Tau Kappa Epsilon Fraternity and Gamma Phi Beta Sorority;
- FY 2002 rental rate increase of 5.9 percent for a student housing unit located at 1233 West 22<sup>nd</sup> Street, Cedar Falls;
- Easement agreement with the City of Cedar Falls for the City's installation of a sanitary sewer line on University property; and
- Right-of-way lease agreement with the Iowa Department of Transportation for the University's use of 34.42 acres of property in Black Hawk County to support the Native Roadside Vegetation Program.

The Iowa Braille and Sight Saving School requests approval of a lease agreement with the Arc of East Central Iowa for its use of space for a summer children's program in Palmer Hall on the School's campus.

**Background and Analysis:**

A. UNIVERSITY OF IOWA

1. THE HUMAN CAPITAL COMPANY (Tenant)—The University requests approval to enter into a new lease as lessor with The Human Capital Company for its use of 264 square feet of space in the Technology Innovation Center at the Oakdale Campus. The space would be leased for a one-year period commencing June 1, 2001, through May 31, 2002, at the rate of \$132 per month (\$6 per square foot, \$1,584 per year).

The Human Capital Company will use the space to develop and deliver proprietary educational programs for small businesses and new entrepreneurial firms. The programs will provide training in the areas of organizational development and human resource management.

The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

2. ENTREPRENEURIAL LEARNING SYSTEMS, INC. (Tenant)—The University requests approval to renew its lease as lessor with Entrepreneurial Learning Systems for its use of 264 square feet of space in the Technology Innovation Center at the Oakdale Campus. The space would be leased for a one-year period commencing June 1, 2001, through May 31, 2002, at the rate of \$132 per month (\$6 per square foot, \$1,584 per year). This is the same rate as paid under the current lease agreement.

Entrepreneurial Learning Systems is developing an Internet-based business that focuses on providing education for entrepreneurs.

The tenant agrees to indemnify, defend, and hold harmless the University as customarily required.

3. METHODIST MEDICAL PLAZA II LIMITED PARTNERSHIP (Landlord)—The University requests approval of an amendment to its existing lease for its use of 2,350 square feet of office and clinic space located in Methodist Medical Plaza II at the Iowa Methodist Medical Center in Des Moines. The space has been leased since 1996 for the Women's Health Initiative Research Study of the Department of Epidemiology of the College of Public Health; the study is funded by a grant from the National Institutes of Health.

The amendment would extend the lease agreement for a four-year term through April 30, 2005, at the rate of \$3,997.06 per month (\$20.41 per square foot, \$47,964.72 per year). This rate is an increase of approximately 41 percent (\$5.91 per square foot) over the current lease rate. This would be the first rental increase since the University began leasing the space in 1996; the University has paid the rate of \$2,839.58 per month (\$14.50 per square foot, \$34,075 per year) since commencement of the lease agreement. The University reports that the proposed rental rate is consistent with the market rate for similar space in the area. In addition, the University believes it is necessary to remain in its current location to ensure the success of the Women's Health Initiative Research Study. The University reports that the federal grant, which is the source of funds for the lease payments, provides sufficient funding for the proposed rental rate increase.

The University has been subleasing the space from the Central Iowa Hospital Corporation, which has leased the space from Methodist Medical Plaza II Limited Partnership. The lease amendment will also serve to assign the leased space from the Central Iowa Hospital Corporation to the Board of Regents, thereby making the Board the lessee.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.

4. TENANT PROPERTY RATES, FY 2002—The Board annually approves the rental rates charged by the University for apartments, duplexes, houses and pre-school/day care properties, which are owned for the University's benefit on and around the campus. Many of these properties were purchased for future expansion of the campus within boundaries approved by the Board.

Rental rates are based on comparable rental rates, as determined by a University survey of rental properties in the Iowa City and Coralville area. The University's survey results compare favorably with the fair market rental rates obtained from the City of Iowa City Housing Assistance Office. Other criteria used to set rental rates include the proximity of the property to the campus, the size of the unit, the general condition of the property, and whether the owner or the tenant is responsible for utilities, lawn care and snow removal. In general, the University intends for the rental rates to represent fair market value.

Forty-two units will be rented in FY 2002; the University proposes rate increases ranging from approximately 2.7 percent to 5.9 percent for the units. The most expensive units include seven single-family residences located on Myrtle Avenue, Grove Street, and Grand Avenue Court. These properties are proposed to rent at rates of \$900 to \$1,000 per month; these rates represent increases of 5.3 percent to 5.9 percent.

The proposed rental rate for six duplexes in Oakdale is \$670 per month, which is unchanged from the FY 2001 rental rate. The University has indicated that it is recommending no increase due to the location of the units away from the main campus and the associated difficulty in renting them. The rents for the other apartments and duplexes are proposed at \$535 and \$720 per month, respectively, and the rents for two efficiency apartments are proposed at \$425 and \$475 per month. These rates represent increases ranging from 4.9 percent to 5.9 percent.

The proposed rental rate for five of the six pre-school/day care facilities is \$760 per month, an increase of 2.7 percent. The proposed rate for the remaining facility is \$660 per month, an increase of 3.1 percent. The rental rate is lower for one facility since it is a smaller home and lot than the other facilities, and is used only for a half-day program, thereby generating less income than the other child care facilities.

## B. IOWA STATE UNIVERSITY

1. LORAN SIMPSON (Landlord)—The University requests approval to renew its lease as lessee with Loran Simpson for the University's use of 24,887 square feet of storage and research space located at Highway 30 and Interstate 35 in Ames, Iowa. The space will be leased at the rate of \$5,682.53 per month (\$2.74 per square foot, \$68,190.36 per year) for a one-year period commencing July 1, 2001, through June 30, 2002. This is the same rental rate as under the current lease agreement.

This facility is leased by the University for central stores and engineering research involving concrete and structural materials.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.

2. H. L. MUNN COMPANY (Landlord)—The University requests approval to renew its lease as lessee with H. L. Munn Company for the University's use of 8,378 square feet of warehouse storage space located in Ames, Iowa. The lease will be renewed at the rate of \$2,094.50 per month (\$3 per square foot, \$25,134 per year) for a one-year period commencing May 1, 2001, through April 30, 2002. This is the same rate as paid under the current agreement. The lease renewal also includes the use of an adjoining building which would provide an additional 2,160 square feet of storage space. The landlord has agreed to lease this space to the University at no additional cost.

The space is used by the Department of Residence for storage and replaces in part 18,000 square feet of warehouse storage space that was lost due to construction of utility service for the Hawthorn Court Apartments.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.

3. CARROLL BROADCASTING COMPANY (Landlord)—The University requests approval to enter into a lease agreement with Carroll Broadcasting Company for the University's use of tower space located near Carroll, Iowa, for construction of a repeater station for WOI Radio. The repeater station will be constructed in the Carroll area to provide educational FM service in the west central region of the state. Programming for this area would be provided from public radio station KTPR in Fort Dodge, Iowa. (KTPR was acquired by WOI Radio through a license transfer from Iowa Central Community College to Iowa State University, as approved by the Board of Regents in 1999.)

In February 2000, the Board authorized Iowa State University to request approval from the Federal Communications Commission (FCC) to construct a non-commercial educational repeater station in Carroll, Iowa; this would provide the first educational FM service to approximately 19,000 residents in the west central area of the state. The University now reports that the FCC is preparing to award a construction permit for the project, and the Public Telecommunications Facilities Program of the U. S. Department of Commerce has granted financing for the facility.

The construction costs for the station are estimated at \$168,000. The University reports that 75 percent of these costs would be paid by the federal grant, and the balance paid from local fundraising efforts in the region to be served.

The lease agreement would provide for the use of space on an existing tower located five miles northeast of Carroll, Iowa, for construction of the repeater station. The protected coverage area from this site would extend 33 miles north, 33 miles east, 14 miles south, and 13 miles west from the City of Carroll. (A map which indicates the location of the tower and the coverage area is included as Attachment B.)

The tower space would be leased at the rate of \$1,200 per quarter (\$4,800 per year) for a ten-year term. The University anticipates that the lease term would commence on or about September 1, 2001, following receipt of the FCC construction permit.

The University reports that the lease payments and other operational costs (electricity and equipment maintenance) would be paid by the operating budgets of the ISU radio stations. The University anticipates that the operating funds would be augmented by additional donor-based revenues to be raised in the newly-served area.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.

4. **LAKESIDE LABORATORY CONSERVATION EASEMENT**—The Soil and Water Conservation District of Dickinson County, Iowa, has authorized a conservation easement for approximately 27 acres of land located at the Lakeside Laboratory which is currently used as farm land. The conservation easement will allow the area, which is located in the northernmost area of Lakeside Laboratory, to be restored to prairie. (A map indicating the location of the area is included as Attachment C.)

The property is the last parcel of land added to the Lakeside Lab campus. It was purchased in the early 1980s with the intent of converting the land to prairie at a future date. The conservation easement would provide a site on campus for the study of prairie restoration techniques, which are covered in a number of courses at the Laboratory. The easement would also prevent the use or development of the property for any purpose that would conflict with the maintenance of the property's natural, scenic condition.

The perpetual easement provides for the Soil and Water Conservation District to pay a total of \$28,000 (more than \$1,000 per acre) to Lakeside Laboratory, which will be responsible for the operation and maintenance of the conservation easement area. The funds will be used by the Lakeside Laboratory to restore the area to prairie, and to construct a needed fence around the property. The ultimate goal of the easement is to protect the water quality of the Iowa Great Lakes, and to create a wildlife habitat. The restoration of the area is to be done in accordance with the Management Plan incorporated within the easement agreement; the Plan outlines the specific requirements for the reestablishment of native vegetation.

The easement agreement allows the Conservation District to enter the area for the purpose of inspecting the property to determine if the Lakeside Laboratory is complying with the covenants of the easement agreement. It also allows Lakeside Laboratory faculty and classes to make scientific and educational observations and studies of the natural features of the area.

The easement requires the Board of Regents to indemnify, defend and hold harmless the Conservation District from all liability in connection with the use of the property, the Board's obligations under the easement, and the administration of the terms of the easement agreement.

#### C. UNIVERSITY OF NORTHERN IOWA

1. The University requests approval of the following tenant property rental rates for FY 2002.

- a. FACULTY/STAFF HOUSING—The University requests approval of the lease agreement and rental rate for the housing unit located at 2115 Merner Avenue in Cedar Falls. The 2,800 square foot house, which is located to the north and east of the University campus, was purchased by the University following Board approval in November 2000. The house will be used to provide temporary housing for faculty, staff, and visiting professors.

The University proposes to rent the house at a FY 2002 rate of \$850 per month, plus all utility costs. The lease includes the provision for annual rate increases of not more than 10 percent per year effective July 1 of each year. The agreement with each tenant would be subject to approval of the Executive Director.

- b. FACULTY/STAFF HOUSING—The University requests approval of rental rate increases for two faculty and staff housing units. The University currently leases houses located at 3214 Hudson Road and 8712 University Avenue in Cedar Falls, Iowa, at the rate of \$575 per month. The homes provide temporary housing on a monthly basis (for a period not to exceed one year) for faculty and staff. The agreement with each tenant is subject to approval of the Executive Director.

The lease agreements were approved by the Board in March 1995 and September 1995, respectively, with the provision for annual rate increases of not more than 10 percent per year effective July 1

of each year. The University requests approval to increase the monthly rental rate by \$35 to \$610 (\$7,320 per year) for FY 2002. This is an increase of 6.1 percent over the current rental rate.

- c. TAU KAPPA EPSILON FRATERNITY/GAMMA PHI BETA SORORITY (Tenants)—The University requests approval of rental rate increases for the houses leased to Tau Kappa Epsilon Fraternity and Gamma Phi Beta Sorority. The houses are currently leased at the rate of \$960 per month.

The lease agreements with the fraternity and sorority were renewed by the Board in May 1998 at the rate of \$870 per month for a five-year term commencing August 1, 1998 through July 31, 2003. The agreements provide for annual rate increases of no more than 10 percent per year effective July 1 of each year of the term. The University requests approval to increase the monthly rental rate by \$55 to \$1,015 (\$12,180 per year) for FY 2002. This is an increase of approximately 5.7 percent over the current rental rate.

- d. STUDENT HOUSING—The University requests approval of a rental rate increase for the student rental house located at 1233 West 22<sup>nd</sup> Street in Cedar Falls, Iowa. The house is currently leased at the rate of \$510 per month.

The lease agreement was approved by the Board in April 1997 with the provision for annual rate increases of not more than 10 percent per year effective July 1 of each year. The University requests approval to increase the monthly rental rate by \$30 to \$540 (\$6,480 per year) for FY 2002. This is an increase of approximately 5.9 percent over the current rental rate.

2. EASEMENT AGREEMENTS WITH CITY OF CEDAR FALLS—The University requests approval to enter into permanent and temporary easement agreements with the City of Cedar Falls. The easements have been requested by the City for the installation of a sanitary sewer line in the west area of campus. (A map which shows the location of the easement areas is included as Attachment D.)

The expansion of the sewer line would be undertaken by the City to serve development west of the University campus. The University reports that the sewer line would be available for future connection to Warehouse 1 which is located to the north of the easement area. The construction project is scheduled to be completed this summer.

The easement agreement requires the City of Cedar Falls to indemnify, defend and save the University, the Board of Regents, and the State of Iowa, harmless from damages resulting from use of the easement areas.

3. RIGHT-OF-WAY LEASE AGREEMENT WITH IOWA DEPARTMENT OF TRANSPORTATION—The University requests approval to enter into a lease agreement with the Iowa Department of Transportation for the University's use of 34.42 acres of property located in Black Hawk County for the Native Roadside Vegetation Program. The property is located at the intersection of U. S. Highway 20 and Grundy County Road T69, southwest of the Cedar Falls/Waterloo area. (A map which indicates the location of the property is included as Attachment E.)

The land will be leased for two components of the Native Roadside Vegetation Program. The majority of the land will be used to grow foundation seed for the Iowa Ecotype Project, which will collect seed from prairie remnants across the state to develop foundation seed for Iowa native seed growers. The University reports that the campus land adjacent to Warehouse 1, which is the future site of the Native Roadside Vegetation Program, is not sufficient to provide all of the foundation seed plots necessary to support the program. The remainder of the leased land, which is located adjacent to Highway 20, would be used for the Roadside Management Program which would reconstruct the area to native prairie to provide roadside weed control, to reduce mowing and herbicide use, and to improve the appearance of Iowa's highways.

The Department of Transportation offered the University its choice of several sites to lease for the Native Roadside Vegetation Program. This particular site was chosen due to its close proximity to campus and its ease of accessibility.

Since the lease is of mutual benefit to the University and the Department of Transportation, the lease will be granted to the University at no cost.

D. IOWA BRAILLE AND SIGHT SAVING SCHOOL

1. ARC OF EAST CENTRAL IOWA (Tenant)—The School requests approval to enter into a lease agreement as lessor with the Arc of East Central Iowa for its use of 2,387 square feet of space in Palmer Hall of the Iowa Braille and Sight Saving School campus. The space will be leased for approximately a six-week period commencing June 7, 2001, through July 20, 2001, at the rate of \$2,000 for the lease term.

The Arc of East Central Iowa is a not-for-profit agency which provides comprehensive services for individuals with developmental disabilities. The space would be leased to provide a summer day care program for children in Benton County with mental retardation and related developmental disabilities.

The tenant agrees to indemnify, defend, and hold harmless the School as customarily required.

  
Sheila Lodge

Approved:   
Frank J. Stork

Attachment A

Listing of Principals for Leases

May 2001

<u>Lease</u>	<u>Principals</u>
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**University of Iowa**

<u>Entrepreneurial Learning Systems</u>	<u>Sanjay Singhvi</u>
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Mr. Singhvi is employed as a visiting assistant professor in the College of Business. The University reports that it has retained Mr. Singhvi for consulting services and purchased products that he has developed.

<u>The Human Capital Company</u>	<u>Kenneth Klein, President/CEO</u> <u>Jason Happel, Vice President</u> <u>Todd Schoeder, Vice President</u>
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Kenneth Klein and Jason Happel are MBA students at the University.

<u>Methodist Medical Plaza II Limited Partnership</u>	<u>Richard L. Hein, Vice President</u>
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The principal has no affiliation with the University.

**Iowa State University**

<u>Technical Services, Inc.</u>	<u>Loran Simpson</u>
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The principal is not employed by the University. The University reports payments to Loran Simpson in accordance with established procurement procedures.

<u>H. L. Munn Lumber Company</u>	<u>Erik Munn</u>
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The principal is not employed by the University. The University reports payments to H. L. Munn in accordance with established procurement procedures.

<u>Carroll Broadcasting Company</u>	<u>Neil Trobak</u>
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The principal has no affiliation with the University.

<u>Dickinson County Soil and Water</u>	<u>Mark Ingwersen, Chairperson</u>
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Conservation District

The principal has no affiliation with Lakeside Laboratory.

**University of Northern Iowa**

City of Cedar Falls

Jon T. Crews, Mayor

The principal currently has no affiliation with the University.

Iowa Department of Transportation

David Weigel, Property Manager  
Douglas C. Bates, Chief Property Manager

The principals have no affiliation with the University.

**Iowa Braille and Sight Saving School**

Arc of East Central Iowa

F. Varvaris, President  
D. Easton, Vice President  
R. Rings, Vice President  
D. Graham, Treasurer

The principals have no affiliation with the School







